REMARKS/ARGUMENTS

The Examiner is thanked for his review of the application.

In the specification, the paragraphs at page 1 beginning at lines 12, 17, and page 2 beginning at lines 3 and 8, have been amended to include the serial numbers of the four co-pending and concurrently filed applications.

Claims 1-13 remain in this application. Claims 1, 4 and 6 have been amended.

The Examiner has rejected claims 1, 4 under 35 U.S.C. 102(a, e) as being anticipated by Ouimet '641. Claim 1 has been amended to include the limitation that the cost model includes an activity-based costing module. Similarly, claim 4 has been amended to include the same limitation that the cost model includes activity-based costing. This amended limitation is supported in the specification at, for example, page 75, line 19 to page 76 line 3, "the preferred embodiment of the invention, the financial model engine 108 comprises an activity-based costing module ... [which] computes variable and fixed costs for products at specific store locations".

"The financial model engine 108 should be flexible enough to provide a cost model for different procedures. These different costs may have variable cost components where the cost of an item is a function of the amount of sales of the item and fixed cost components where the cost of an item is not a function of the amount of sales of the item" (see specification page 74, line 22 to page 75, line 3). "In the preferred embodiment of the invention, the stores may only need to supply labor costs of the stores and distribution centers, cost of capital, size of an item and number of items in a case to allow a cost modeling" (page 75, lines 9-12). This invention is advantageous because by using "these estimations, costs may be more easily calculated on a store level ... [and] allows the maximization of profits for each store (page 75, lines 15-19).

Hence as amended, independent claims 1 and 4 are allowable over Oiumet '641.

Applicant further submits that claims 2, 3 which depend from claim 1, and claim 5 which depends from claim 4, are also patentable due to their dependence from their respective patentable parent claims 1 and 4. Furthermore, these dependent claims are also novel, nonobvious and patentable because of the additional patentable features recited in addition to the patentable combination of their respective parent claim.

For example, claim 2 further recites the optimization engine comprises a rule tool, which stores a plurality of rule parameters, and a price calculator connected to the rule tool, the financial model engine, and the econometric engine, wherein the price calculator determines the preferred set of prices based on rule parameters, the sales model, and the cost model. As another example, claim 5 also recites "creating a plurality of demand groups, wherein each demand group is a set of at least one product and wherein at least one of the demand groups is a set of at least two products; creating a sales model for each demand group; and creating a market share model for each product in each demand group"

The Examiner has rejected claims 6, 7, 8, 10, 11, 12 under 35 U.S.C. 103(a) as being unpatentable over Ouimet '641, and further in view of Hartman '208. In addition, claim 9 has been rejected under 35 U.S.C. 103(a) as being unpatentable over Ouimet '641, and further in view of Hartman '208 and Ouimet '893. Claim 13 has also been rejected under 35 U.S.C. 103(a) as being unpatentable over Ouimet '641, and further in view of Hartman '208 and Ouimet '162.

Claim 6 has been amended to include the limitation that the cost model includes an activity-based costing module and is now allowable over Ouimet '641, Hartman '208, Ouimet '873 and Ouimet 162, alone and in combination, for at least the reasons discussed above for claims 1 and 4.

Applicant further submits that claims 7-13 which depend from claim 6 are also patentable due to their dependence from their patentable parent claim 6. Furthermore, these dependent claims are also novel, nonobvious and patentable because of the additional patentable features recited in addition to the patentable combination of parent claim 6. For example, claims 7 and 8 further recites the Bayesian Shrinkage model and the multi-stage Bayesian Shrinkage model, respectively.

Applicants believe that all pending claims are allowable and respectfully request a Notice of Allowance for this application from the Examiner. The commissioner is authorized to charge any fees that may be due to our Deposit Account No. 50-2766 (Order No. DEM1P001). Should the Examiner believe that a telephone conference would expedite the prosecution of this application, the undersigned can be reached at telephone number 925-570-8198.

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Respectfully submitted,

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